



## DAILY METALS COMMENTARY Thursday March 30, 2017

### PRECIOUS METALS COMMENTARY

03/30/17

#### Stronger Dollar keep pressure on metals prices

#### OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

**GOLD -3.80, SILVER -8.70, PLATINUM +3.50**

**OUTSIDE MARKET DEVELOPMENTS:** Global markets were able to maintain a mostly positive tone yesterday that has started to fade coming into this morning's action. A better than expected reading on pending home sales reflected strength in the US housing market, but the main event for global markets occurred when the UK's Article 50 letter officially started the Brexit process. Treasuries remained well supported as the market comes to terms with "only" two more Fed rate hikes over the rest of this year, although the Fed's Rosengren and Williams hinted that three more hikes were not totally off the table. The Dollar extended this week's recovery move with a moderate gain while the Euro was pressured from indications that ECB officials are reluctant to make policy changes at their upcoming meeting.



Asian shares were under pressure overnight as the Japanese Nikkei and Shanghai Composite ended with sizable losses. A series of Euro zone sentiment indicators came in with generally weaker than expected results. European stocks have shaken that off as the German DAX and French CAC-40 are grinding out modest gains. The North American session will start out with a weekly reading on initial jobless claims that are forecast to see a moderate decline from the previous 258,000 reading. The highlight for the North American session will be the final reading on fourth quarter GDP which is expected to see a minimal uptick from the previous 1.9% annualized rate. Market focus will also be on a reading for core personal consumption expenditures which is forecast have a modest increase from the previous 1.9% rate.

#### GOLD / SILVER

The precious metals markets have managed to hold up fairly well during a period of a stronger US dollar and less investor shift to safe assets. With a short-term overbought condition of the market, a little less financial market volatility plus the steady flow of positive economic growth news around the globe, the precious metals may be primed for a short-term downside correction. The market found mild pressure yesterday. A stronger Dollar that benefited from a better than expected pending home sales number was a key source of pressure. In addition, the formal start of Brexit proceedings did not create the amount of friction between the UK and EU that many traders expected, which in turn led to some safe-haven outflows as well. Silver continued to outperform gold as it was able to climb back above its 200-day moving average.

#### PLATINUM

While platinum and palladium have improving auto catalyst demand as a longer-term source of support, both metals have near-term issues that could lead to short-term weakness. Economic uncertainty in South Africa is casting a long shadow over their platinum mining industry and with labor tensions not a major issue right now, those firms may step up their output to offset a shaky economy and weak currency. Palladium had a fairly strong first quarter pricewise, so it remains vulnerable to long liquidation.

#### TODAY'S MARKET IDEAS:

New buyers might be patient and wait to see if there may be a more significant correction over the near-term as the markets measure a reduced anxiety tone for financial markets, a turn back up in the US dollar and a correction of the short-term overbought technical condition. The technical action is positive and while slightly overbought, the trend is up and we are not convinced that the US dollar will trend higher over the near-term. June

gold key support levels come in at \$1,241.30 and \$1,233.00. Close-in resistance is at \$1,259.90. New buyers can wait for a test of support, looking for a longer-term objective of \$1,294.80. May silver buyers might wait for a correction to at least \$17.90. Near-term resistance for June palladium is at \$798 while near-term resistance for July platinum is at \$968.

**NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

## COPPER COMMENTARY

03/30/17

### Losing upside momentum going into quarter-end

**GENERAL:** Copper prices have had an abrupt change in fortune this week, but once again appear to be having trouble climbing above and beyond their recent consolidation zone. May copper was able to shake off early pressure as improving risk sentiment as well as declining exchange copper stocks helped prices to move above their 50-day moving average and to a new 1-week high. However, copper prices could not sustain upside momentum and gave back most of those gains by the close. LME copper stocks fell for an eleventh session in a row and dropped below the 300,000 tonne level, which may provide some measure of support to prices. Major supply issues at the Escondida mine in Chile and the Grasberg mine in Indonesia are being resolved, however, which should weigh on copper. Chinese demand prospects remain positive but may need to see confirmation from Chinese PMI numbers and weekly Shanghai exchange stocks on Friday in order for copper to find underlying support.



**MARKET IDEAS:**

Risk appetites remain lukewarm at best and with the upcoming end to the first quarter of 2017, even a modest 6% quarterly gain leaves copper vulnerable to long liquidation in front of Friday's critical Chinese data. Near-term support for May copper will be at \$2.6370 while resistance is up at the 50-day moving average of \$2.6975.

**NEW RECOMMENDATIONS:**

None

**PREVIOUS RECOMMENDATIONS:**

None

## METALS TECHNICAL OUTLOOK:

Note: Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report.

COMEX GOLD (JUN) 03/30/2017: Rising stochastics at overbought levels warrant some caution for bulls. The close above the 9-day moving average is a positive short-term indicator for trend. It is a slightly negative indicator that the close was lower than the pivot swing number. The next upside objective is 1261.9. The next area of resistance is around 1258.8 and 1261.9, while 1st support hits today at 1251.4 and below there at 1247.0.

COMEX SILVER (MAY) 03/30/2017: Rising stochastics at overbought levels warrant some caution for bulls. The market's short-term trend is positive on the close above the 9-day moving average. The market has a slightly positive tilt with the close over the swing pivot. The next upside objective is 18.408. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 18.352 and 18.408, while 1st

support hits today at 18.148 and below there at 17.999.

COMEX PLATINUM (JUL) 03/30/2017: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market's close below the pivot swing number is a mildly negative setup. The next upside target is 966.17. The next area of resistance is around 963.45 and 966.17, while 1st support hits today at 954.75 and below there at 948.78.

COMEX COPPER (MAY) 03/30/2017: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market's close above the 9-day moving average suggests the short-term trend remains positive. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside target is 2.70. The next area of resistance is around 2.69 and 2.70, while 1st support hits today at 2.66 and below there at 2.65.

### DAILY TECHNICAL STATISTICS

	CLOSE	9 DAY RSI	14 DAY RSI	14 DAY SLOW STOCH D	14 DAY SLOW STOCH K	4 DAY M AVG	9 DAY M AVG	18 DAY M AVG	45 DAY M AVG	60 DAY M AVG
<b>METALS COMPLEX</b>										
GCAM7	1255.1	66.90	62.93	80.89	87.18	1256.10	1249.70	1231.44	1232.04	1223.87
SIAM7	18.250	76.52	67.54	71.28	88.15	18.09	17.77	17.48	17.69	17.50
PLAN7	959.10	38.71	41.03	44.57	46.99	965.15	967.88	960.02	990.04	987.25
CPAK7	2.67	56.34	52.87	56.75	66.75	2.65	2.65	2.64	2.68	2.66

Calculations based on previous session. Data collected 03/29/2017

Data sources can & do produce bad ticks. Verify before use.

### DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>METALS COMPLEX</b>						
GCAM7	COMEX Gold	1246.9	1251.3	1254.4	1258.8	1261.9
SIAM7	COMEX Silver	17.998	18.147	18.203	18.352	18.408
PLAN7	COMEX Platinum	948.77	954.75	957.47	963.45	966.17
CPAK7	COMEX Copper	2.64	2.66	2.67	2.69	2.70

Calculations based on previous session. Data collected 03/29/2017

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